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Bramalea Consolidated Developments Limited

Executive Offices: P.O. Box 257, Royal Trust Tower,
Toronto-Dominion Centre, Toronto, Ontario.
General Offices: No. 1 City Centre, Bramalea, Ontario.

Divisions

Commercial Properties Division
Industrial Development Division
Land Development Division
Residential Construction Division

Wholly-Owned Subsidiary Companies

Bramalea Overseas Developments Limited
(Incorporated December 4, 1970)
Bramalea Hotels Limited
Bramalea Leasing Corporation Limited
Bramalea Management Corporation Limited
Bramalea Trans-Canada Limited
Bramco Developments (1970) Limited (formerly
Camp Muskoka Lodge Limited)
Bramalea Office Buildings Limited
(Incorporated March 26, 1971)

Partially-Owned Subsidiary Companies

Bramalea General Contracting (Peel) Limited
Crown Colony Club Limited
Hanlon Park Developments Limited

Associate and 50%-Owned Companies

Brama-Green Limited
Bramalea Realty Limited
Dunhill Realty Limited
Kaiser-Bramalea Corporation
(Incorporated February 4, 1971)
Village In The Valley Limited

Joint Ventures & Partnerships

Bradsil Contracting Company
Cohill Developments
Dunhill Developments
Embassy-Bramalea
Heritage Developments
Real Properties
Sarnia St Clair Construction Company
Southminster Developments
Southport Developments

Officers

John H. Taylor, Chairman of the Board
Alan F. B. Taylor, President and
Chief Executive Officer
Arthur S. Armstrong,
Executive Vice-President
Murray E. Hardisty, Senior Vice-President
Ernest K. Birmann, Vice-President,
Industrial Development Division
Stanley A. Podkowa, Secretary
Raymond M. Coole, C.A., Treasurer
Reginald C. Winship, C.A., Comptroller
Robert O. Love, Assistant Treasurer
Robert H. Taylor, Assistant Comptroller

Directors

Arthur S. Armstrong
E. Jacques Courtois, Q.C.
Ross Dunn, Q.C.
Daniel M. Johnson
Robert H. Jones
Emerson M. Miller
Sir Brian Mountain, Bt.
Alan F. B. Taylor
John H. Taylor
Raymond A. Taylor
James A. Thomson
The Rt. Hon. Lord Tweedsmuir,
C.B.E., C.D., LL.D.
George E. Whyte

Trustee for Debentures

Canada Permanent Trust Company,
Toronto, Ontario.

Registrars and Transfer Agents for Stock

Canada Permanent Trust Company,
Toronto, Ontario and Vancouver,
British Columbia.
Morgan Guaranty Trust Company of New York,
New York, U.S.A.

Warrant Agent

Morgan Guaranty Trust Company of New York,
New York, U.S.A.

Stock Exchange Listings

Toronto Stock Exchange
Vancouver Stock Exchange

Auditors

McDonald, Currie & Co., Toronto, Ontario.





President's Report to the Shareholders

The results, for the fiscal year ended November 30, 1970, were most disappointing. Revenue, for 1970, declined to \$27,626,153 producing a net loss of \$463,172.

The Company entered the year with great expectations as a result of a buoyant housing market then existing. It had available, through its endeavours in the previous two years, a substantial land inventory, planned, zoned and serviced, in Bramalea and elsewhere, to take full advantage of the apparent market potential.

Early in the spring, when the housing market has traditionally shown strength, it became obvious that the Government's actions in attempting to control inflation, general economic conditions, rising unemployment, and the fear of increasing unemployment, were having a very depressing effect upon the housing market in all areas, in all price brackets, and in all housing types. High interest rates created further buyer resistance.

This condition extended on through the balance of the year and it is only now beginning to show some signs of improvement. As a result, the Company sold only 274 units in all its locations in 1970 against an original projection of well over 1,000 units.

However, during the year, the Company progressed in a number of different ways, with respect to the operations of its various Divisions and in its continued programme of diversification.

Agreement was reached with the Township of Chinguacousy for the development of the 100 acre core area

of Bramalea which is planned to include 1.2 million square feet of commercial development, 1 million square feet of office space, 350,000 square feet of hotel and convention facilities and 1,000 apartment suites, together with buildings to house the municipal functions of the Township. Phase 1 of the commercial development has been in operation since 1969 and Phase 2 is already underway including an Eaton's of Canada department store of approximately 120,000 square feet. In addition, approval in principle was received for the development of an additional 2,400 apartment suites immediately adjacent to the City Centre. This total development represents the heart of the Bramalea "New Town" and will greatly enhance the value of the surrounding residential lands and will, of itself, produce substantial profit to the Company in the years ahead.

The Commercial Properties Division completed the construction and leasing of two major shopping centres during the year—Harwood Place in Ajax, Ontario, and the Queenston Mall in Hamilton, Ontario. Both these centres, together with the Southgate Village Shopping Centre in Bramalea, a small neighbourhood centre, were sold to an institutional investor and leased back by the Company for 30 years. Other new commercial developments in Ontario are in the planning stage.

The Residential Construction Division built 789 houses and townhouses during the year, making available to the Company a substantial and healthy inventory with which to enter the new fiscal year. At the beginning of 1970, due to unexpected delays in obtaining building clearances, the Company had a very small inventory. In addition to those units built in 1970,

this Division recently commenced construction of a 197 unit high-rise condominium project in the Swansea area of Metropolitan Toronto under the name of "South Kingsway Square". These units, some of which are two-storey suites within the building, will be sold at prices between \$22,000 and \$26,000 and are expected to be readily marketable. In addition, the first of a series of high-rise apartments for rent is under construction in Bramalea.

The section of the Residential Construction Division concerned primarily with innovative housing, has started a new type of mid-rise family accommodation in Bramalea. This "deck housing" is, we feel, a significant step forward in the provision of family accommodation for sale at relatively low prices whilst maximizing the use of land.

The Land Development Division has been proceeding with the planning, zoning and servicing of the Company's lands in Bramalea, Burlington and Pickering, Ontario. It is also completing arrangements for the zoning of a substantial portion of the lands held by Village In The Valley Limited, the Company's 50%-owned associate company, developing over 700 acres in Unionville, Ontario. The Division is also engaged in the re-development of an 11 acre industrial site at the intersection of Pape and Gerrard Streets in the City of Toronto for residential use in the form of mixed high-rise and townhouse dwellings.

Currently the Company owns or has a substantial interest in 5,626 acres of land.

The Industrial Development Division had a reasonably good year in the light of the prevailing economic conditions,



selling or leasing 73 acres of industrial land in Bramalea upon which 11 industries are building, or plan to build, 554,500 square feet of industrial plant. This will bring the Bramalea Industrial Park to a total of 84 industries in 6,195,000 square feet of industrial space. When one recognizes that this growth has taken place in only nine years the development must be considered, and is viewed internationally, as an outstanding success.

The Company's wholly-owned subsidiary, Bramalea Trans-Canada Limited, has just completed a successful year of operation and I am pleased to report that the philosophy of joint ventures with local partners has been most successful.

Bramalea Trans-Canada Limited in its joint venture with WKP Construction Limited in Vancouver, under the name Dunhill Developments has constructed and sold in excess of 250 units, has under construction over 200 units and has purchased land for a further 980 building units.

The same joint venture has already started construction on a large Kamloops, B.C., subdivision in which Bramalea Trans-Canada Limited has a one-third interest. This development is already proving very successful and will provide 230 single family, 100 townhouse lots, 200 apartment suites and a 230 unit mobile home park.

The partnership of Delcon Management Limited and Bramalea Trans-Canada Limited operating under the name of Heritage Developments in Calgary is actively engaged in land development in that area and has acquired a 10 acre site on the McCleod Trail to permit the building of 900 apartment suites and 100,000 square feet of commercial development. Plans are also underway

to construct 420 units of mixed residential accommodation at Pump Hill, southwest Calgary, on land presently owned by the partnership.

In Edmonton, the Embassy-Bramalea joint venture with the Embassy Developments Ltd. group has sold 58 townhouses and is now proceeding with a further 113 units whilst it is developing land in another location for 460 units with construction to start early this year.

Bramalea General Contracting (Peel) Limited, 51%-owned by the Company, has had another successful year and has obtained further contracts in the period to a total value in excess of \$15,000,000.

Crown Colony Club Limited operated at a loss during the year partly due to the current political situation in the Bahamas and partly due to the problems involved in the resolving of the future development of Chub Cay with the minority shareholders. This has been somewhat time consuming but has now been completed to the satisfaction of all parties. Extensive promotion of the island's facilities will take place in this year and it is expected that the loss will be substantially reduced in 1971 and the operation will become profitable in 1972.

Perhaps the most important announcement made during the year was that in which Kaiser Cement & Gypsum Corporation of Oakland, California, and this Company announced the formation of a new company with the name Kaiser-Bramalea Corporation, set up in the United States for the purpose of carrying out land and community development in that country. The Corporation, owned equally by the two parent companies,

is already seeking suitable locations in various areas of the United States.

The Company has also announced the incorporation of Bramalea Overseas Developments Limited in London, England, already carrying out its first project, a mixed commercial-residential development in Highgate, northwest London.

Bramalea Office Buildings Limited was formed in March, 1971, and is proceeding with its first project, an 11-storey prestige office building of 160,000 square feet on the southeast corner of Yonge and Balliol Streets in Toronto.

The Company has recently agreed to purchase 50% of the shares of the Robert Hunt Company Limited, London, Ontario, a well managed, aggressive company specializing in the manufacture and sale of windows for all types of buildings.

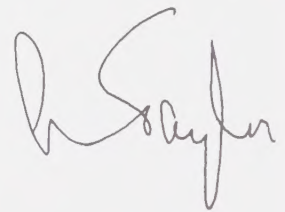
Much interest has been shown in recent years respecting the method of accounting within the real estate industry. Your Company is cognizant of new guidelines that are being established and appears to be well within the parameters set by the various association and professional requirements.

The Board of Directors announced in March that the dividend, which in the past several years had been declared at the March meeting of the Directors, would be omitted as a result of the loss which the Company suffered during its financial year ended November 30, 1970.

It is with sorrow that I must record the passing during 1970 of our esteemed and distinguished Chairman, the Hon. J. Keiller Mackay, D.S.O., V.D.,

Q.C., LL.D., D.C.L. Col. Mackay served this Company for four of its most difficult and yet successful years. During this time he displayed a very keen interest in every facet of its operations. He was our friend and mentor and is sorely missed. Mr. John H. Taylor, a Director for several years, has taken over the reins as our new Chairman — we welcome him to the post and wish him well.

In conclusion, as I have mentioned earlier in this report, housing sales have improved somewhat in recent months, but not in sufficient volume to indicate a firm trend. Under these circumstances, I can only indicate cautious optimism on the Company's profitability in the short term, until general conditions improve. The longer term prospects of the Company continue to be excellent and will be materially enhanced by the diversification programme detailed in this report.



March, 1971

President.



Revenue-Producing Properties

Shopping Centres in Operation Owned or Managed by the Company:

Niagara Peninsula Shopping Centre (Managed)
Location — St. Catharines, Ontario
Rentable area — 790,000 square feet
Number of stores — 94

Bramalea City Centre — Phase I (Owned)
Location — Bramalea, Ontario
Rentable area — 102,500 square feet
Number of stores — 22

Southgate Village Shopping Centre (Managed)
Location — Bramalea, Ontario
Rentable area — 26,935 square feet
Number of stores — 11

Royal Orchard Shopping Centre (Owned)
Location — Thornhill, Ontario
Rentable area — 42,800 square feet
Number of stores — 10

Harwood Place (Managed)
Location — Ajax, Ontario
Rentable area — 207,100 square feet
Number of stores — 36

Queenston Mall (Managed)
Location — Hamilton, Ontario
Rentable area — 150,200 square feet.
Number of stores — 30

The Company is presently examining sites for additional shopping centre developments in Ontario.

Other Revenue-Producing Properties:

York Square North — Townhouses (Owned)
Location — Borough of North York
Number of units — 91

Bramalea Townhouses (Owned)
Location — Bramalea, Ontario
Number of units — 101

Industrial Buildings (Owned)
Location — Bramalea, Ontario
Rentable area — 30,000 square feet
Tenant — Palmer-Shile (Canada) Limited

Location — Bramalea, Ontario
Rentable area — 20,000 square feet
Tenant — Root Wire Limited

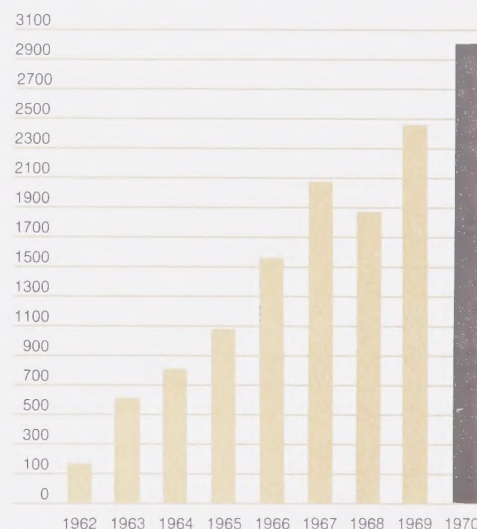
Location — Bramalea, Ontario
Rentable area — 106,000 square feet
Tenant — Gray Tool Company (Canada) Limited

Industrial Buildings (Managed)
Location — Bramalea, Ontario
Rentable area — 68,000 square feet
Tenant — Ford Motor Company of Canada Limited

Location — Bramalea, Ontario
Rentable area — 33,400 square feet
Tenants — Multiple tenancy



INCOME FROM REVENUE-PRODUCING PROPERTIES
INCOME IN THOUSAND DOLLARS



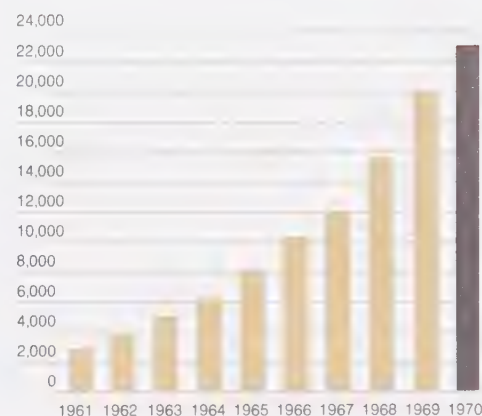




Residential Developments

Project Description	Number of Units in Inventory November 30, 1969	Number of Units Built in the Year Ended November 30, 1970	Number of Units Sold in the Year Ended November 30, 1970
Bramalea — Single & semi-detached houses	3	181	32
Bramalea — H.O.M.E. Plan condominium units	—	150	44
Sheridan South — Single & semi-detached houses	—	156	11
Martingrove Estates — Condominium units	—	252	85
Erindale — Condominium units	19	—	19
Thistletown — Condominium units	67	—	67
Guelph — Condominium units	—	50	16
	89	789	274

BRAMALEA POPULATION CHART

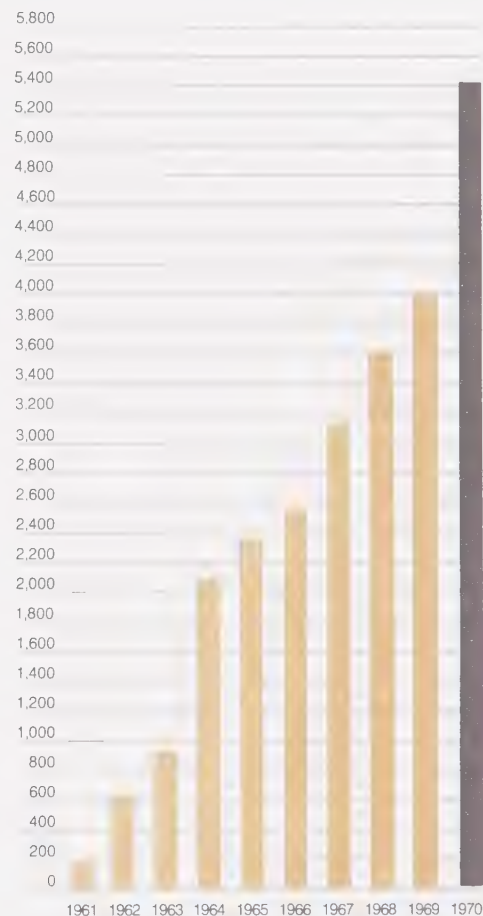




Bramalea Industrial Park

Company	Acres	Square Feet		
		Buildings Occupied	Under Construction	Construction Scheduled for 1971
Companies which purchased sites in Bramalea in 1970				
Ampex of Canada Limited	7.9			80,000
Arnett Company of Canada Ltd.	3.8	30,000		
Canada Packers Limited	10.0			45,000
Canadian Hilti Limited	3.5	25,000		
Drew Brown Limited	9.6			80,000
Kenalty Industries Limited	1.0	6,500		
Le Pages' Limited	9.5		97,000	
Nabisco Limited	5.4		40,000	
New Holland Div. of Sperry Rand	6.0	25,000		
Record Chemical Co. Ltd.	3.0			20,000
	59.7	86,500	137,000	225,000
Companies which purchased sites in Bramalea in 1969 and occupied their buildings in 1970				
Aircraft Appliances and Equipment Limited		90,000		
American Standard Products (Canada) Limited		26,000		
Bacardi & Co. of Canada Ltd.		30,000		
Canadian Liquid Air Ltd.		38,000		
Capitol Record Club		67,000		
Carlton Cards Limited		115,000		
Crucible Steel Co. Ltd.		14,000		
Dominion Glass Co. Ltd.		740,000		
English and Mould Ltd.		20,000		
Hydromatic Machines Ltd.		20,000		
Reardon Company Limited		20,000		
		1,180,000		
Companies which purchased sites in Bramalea in 1969 — Buildings under construction in 1970				
Burlington Carpet Mills Canada Limited			300,000	
Firmerich of Canada Ltd.			17,000	
			317,000	
Companies which built additions to their buildings in 1970				
National Grocers Co. Ltd.		20,000		
Companies which leased buildings from Bramalea Consolidated Developments Ltd. in 1970				
Gray Tool Co. Canada Ltd.	13.5	106,000		
	73.2	1,392,500	454,000	225,000

**SQUARE FOOTAGE OF INDUSTRIAL BUILDINGS OCCUPIED
GROWTH IN SQUARE FEET (000's OMITTED)**



Accounting Policies

The accounting policies used by the Company in the preparation of its financial statements are as follows:

House Sales

Revenue from the sale of a house is not recorded until the acceptance of the completed house by the purchaser. At the same time, the cost which is 95% to 100% actual and from 0% to 5% estimated, is charged to cost of sales. The estimated amounts are adjusted to actual as soon as they are known.

Industrial Land Sales

Revenue from the sale of industrial acreage is recorded on closing and the cost of sale is recorded at the average cost per acre. No profit is recorded on conditional sales.

Rental Revenue

Revenue from rental properties is recorded as earned. Where percentage rentals are payable by tenants, as is the case in all the shopping centres owned by the Company, this percentage rental is recorded when earned.

Where leases contain rental escalation provisions the annual rental recorded as earned is based on the average rental to be earned over the term of the lease.

Deferred Profits

The Company follows the practice of deferring profits on transactions under appropriate circumstances, which is in accordance with the guidelines established by the Ontario Securities Commission.

Profits or losses arising from sale and

leaseback transactions are amortized over the term of the lease taken back.

Land Cost

Land is shown in inventory at its original cost plus carrying charges, i.e. interest on debt and taxes. The cost of land in a particular residential neighbourhood or industrial park is prorated over the saleable acreage in that area. Development costs are averaged over the acreage to which they relate.

Depreciation

Depreciation on buildings is recorded at a minimum of 2% on a straight line basis. Depreciation on equipment is recorded at a rate sufficient to write the equipment off over its anticipated life.

Investments

Investments in 50%-owned companies, joint ventures, partnerships and associate companies in which there is significant ownership are accounted for on the equity basis. Under this method of accounting, the Company's share of profits or losses are included in income and the investment increased or decreased respectively. Dividends are recorded as a reduction in the investment.

Comparative summary of how
each \$100.00 of income was spent
for the last four years*

	1970	1969	1968	1967
	\$100.00	\$100.00	\$100.00	\$100.00
INCOME				
EXPENSES				
Cost of land and houses	25.16	64.31	59.73	55.53
Cost of industrial and commercial contracts	39.02	—	—	—
Operating expenses of revenue-producing property	10.75	6.08	8.40	11.61
Selling and administrative	12.24	7.27	10.52	9.82
Interest and other financial charges	7.93	3.07	2.48	4.53
Miscellaneous and other operations	5.85	4.55	2.46	4.76
TOTAL EXPENSES	100.95	85.28	83.59	86.25
NET PROFIT (LOSS) (before income taxes)	(.95)	14.72	16.41	13.75
CORPORATION INCOME TAXES	.71	8.38	8.34	4.55
	(1.66)	6.34	8.07	9.20
	\$100.00	\$100.00	\$100.00	\$100.00

* After reclassification of certain items in the 1968 statement and adjustment for minority interest.

The following table indicates the
sources of the Company's income and its
relationship by percentage*

	1970		1969		1968		1967	
	Dollar Amount	% Total Income	Dollar Amount	% Total Income	Dollar Amount	% Total Income	Dollar Amount	% Total Income
Sales of land and houses	\$10,464,789	37.88	\$31,904,119	88.02	\$18,154,420	87.21	\$13,959,206	83.67
Industrial and commercial contracts	11,267,423	40.79	—	—	—	—	—	—
Income from revenue-producing properties	3,083,539	11.16	2,477,572	6.84	1,881,713	9.04	2,061,462	12.35
Interest income	614,046	2.22	498,147	1.37	336,877	1.62	215,406	1.29
(Loss) gain on redemption of debentures	—	—	—	—	(46,510)	(.22)	14,144	.09
Miscellaneous and other operations	2,196,356	7.95	1,368,173	3.77	488,799	2.35	434,211	2.60
	\$27,626,153	100.00	\$36,248,011	100.00	\$20,815,299	100.00	\$16,684,429	100.00

* After reclassification of certain items in the 1968 statement.

Profit earned as a
percentage of issued
capital stock*

	1962	1963	1964	1965	1966	1967	1968	1969	1970
Net profit (loss)	\$(445,252)	\$12,237	\$434,099	\$611,018	\$795,993	\$1,534,921	\$1,686,386	\$2,310,120	\$(463,172)
Percentage earned on investment	(3.94)	.01	3.84	5.40	7.04	13.47	12.27	13.89	(2.75)
*1962-1966 based on investment of					\$11,309,849				
1967 based on the average investment of					\$11,396,933				
1968 based on the average investment of					\$13,743,132				
1969 based on the average investment of					\$16,627,374				
1970 based on the average investment of					\$16,820,342				

Earnings per share
(adjusted for the
5 for 1 stock split in
August 1968)**

	Net profit (loss)*		Income taxes		Net profit (loss)* after income taxes	
	Total	Per Share	Total	Per Share	Total	Per Share
1962	\$ (445,252)	\$(.10)	\$ —	\$ —	\$ (445,252)	\$(.10)
1963	12,237	—	—	—	12,237	—
1964	434,099	.10	—	—	434,099	.10
1965	611,018	.14	—	—	611,018	.14
1966	795,993	.18	—	—	795,993	.18
1967	2,294,921	.50	760,000	.17	1,534,921	.33
1968	3,429,386	.65	1,743,000	.33	1,686,386	.32
1969	5,358,520	.89	3,048,400	.50	2,310,120	.39
1970	(264,674)	(.05)	198,498	.03	(463,172)	(.08)
** 1962-1966 based on 4,472,690 shares						
1967 based on the average number of shares outstanding				4,576,033		
1968 based on the average number of shares outstanding				5,241,332		
1969 based on the average number of shares outstanding				5,998,452		
1970 based on the average number of shares outstanding				6,032,560		
*after adjustment for minority interest						

Auditors' Report

McDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS
INTERNATIONAL FIRM
COOPERS & LYBRAND

TELEPHONE 366-2551
120 ADELAIDE STREET WEST
TORONTO 110, CANADA

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Bramalea Consolidated Developments Limited and subsidiaries as at November 30, 1970 and the consolidated statements of earnings and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1970 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co

February 26, 1971

Chartered Accountants

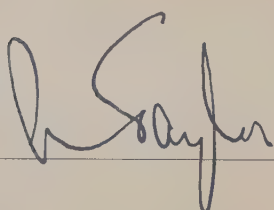


Bramalea Consolidated Developments Limited and Subsidiaries
(Incorporated under the Laws of Ontario)
Consolidated Balance Sheet
as at November 30, 1970

Assets

	1970 \$	1969 \$
Cash	666,060	651,581
Short-term notes — at cost	348,000	50,000
Accounts receivable (note 2)	10,572,547	7,080,695
Income taxes recoverable (note 10)	1,256,244	—
Housing units (note 3)	14,266,187	3,767,448
Land and improvements — held for sale (note 4)		
Under development:		
Land	6,767,699	7,883,499
Development expenses	9,474,749	7,485,226
Undeveloped land	8,653,149	7,126,800
Mortgages, debentures and notes receivable (note 5)	11,055,826	11,417,957
Investments (note 6)	4,534,571	4,064,487
Property and equipment (note 7)	11,132,569	14,984,393
Deferred financing costs (note 8)	301,567	351,999
Deferred charges	1,706,480	1,193,247
	<u>80,735,648</u>	<u>66,057,332</u>

Approved on behalf of the Board

 Director

 Director

Liabilities

	1970 \$	1969 \$
Bank indebtedness (note 9)	9,483,945	7,752,832
Accounts payable and accrued liabilities	9,429,789	6,950,635
Provision for future development expenses	226,556	239,127
Provision for income taxes	—	586,908
Due to associate companies	—	860,268
Mortgages on housing units (note 3)	12,074,139	861,426
Mortgages, notes and similar indebtedness (note 11)	11,993,959	12,555,113
7½% Convertible Debentures, Series A, due October 1, 1988 (note 12)	11,868,000	11,868,000
Deferred income taxes (note 10)	3,099,062	1,630,000
Deferred profits (note 13)	1,577,415	1,119,510
Minority interest (note 1)	643,869	659,330
	<u>60,396,734</u>	<u>45,083,149</u>

Shareholders' Equity

Capital Stock (notes 14 and 20)		
Authorized —		
12,500,000 common shares without par value		
Issued and fully paid	16,825,014	16,816,153
Retained earnings	3,513,900	4,158,030
	<u>20,338,914</u>	<u>20,974,183</u>
	 <u>80,735,648</u>	 <u>66,057,332</u>

Commitments and Contingent Liabilities (note 19)

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

Consolidated Statement of Earnings and Retained Earnings

for the year ended November 30, 1970

	1970 \$	1969 \$
Revenue		
Sales of land and houses	10,464,789	31,904,119
Industrial and commercial contracts	11,267,423	—
Income from revenue-producing properties	3,083,539	2,477,572
Interest	614,046	498,147
Miscellaneous and other operations	2,196,356	1,368,173
	<u>27,626,153</u>	<u>36,248,011</u>
Expenses		
Cost of land and houses sold (note 4)	7,035,965	23,400,833
Cost of industrial and commercial contracts	10,905,174	—
Operating costs of revenue-producing properties (including interest on long-term debt, 1970—\$284,689; 1969—\$232,018)	3,005,394	2,210,753
Selling and administrative	3,421,821	2,655,267
Financial:		
Interest	2,166,555	1,040,830
Amortization of deferred financing costs (note 8)	50,432	66,582
Miscellaneous and other operations	1,769,186	1,731,271
	<u>28,354,527</u>	<u>31,105,536</u>
	(728,374)	5,142,475
Earnings from Investments (note 6)	329,563	141,157
	<u>(398,811)</u>	<u>5,283,632</u>
Provision for Income Taxes (note 10)		
Current	—	1,936,400
Deferred	1,469,062	1,112,000
Recovery of prior year's taxes on application of current loss	(1,270,564)	—
	<u>198,498</u>	<u>3,048,400</u>
Net Earnings (Loss) before Minority Interest	(597,309)	2,235,232
Minority Interest (note 1)	134,137	74,888
Net Earnings (Loss) for the year (note 15)	(463,172)	2,310,120
Retained Earnings—beginning of year	4,158,030	2,088,031
	3,694,858	4,398,151
Dividends	180,958	240,121
Retained Earnings—end of year	<u>3,513,900</u>	<u>4,158,030</u>
Earnings (Loss) per Share (note 15)	<u>\$ (.08)</u>	<u>\$.39</u>

Bramalea Consolidated Developments Limited and Subsidiaries
Consolidated Statement of Source and Use of Funds
for the year ended November 30, 1970

Source of Funds

	1970	1969
	\$	(note 18) \$
From Operations		
Net earnings (loss)	(463,172)	2,310,120
Non-cash items included in the determination of net earnings (loss) (note 18)	2,409,293	10,379,017
Funds provided from operations (note 18)	1,946,121	12,689,137
Mortgage proceeds and repayments	14,248,292	3,195,405
Proceeds from sale of property and equipment	9,363,710	434,773
Funds obtained from bank	1,731,113	7,537,500
Increase in accounts payable and accrued liabilities	1,411,728	2,173,795
Issue of common shares	8,861	324,246
	<u>28,709,825</u>	<u>26,354,856</u>

Use of Funds

Additions to property and equipment	6,955,573	6,954,405
Increase in housing units	6,684,419	627,493
Development expenses and carrying charges on land	6,567,378	16,288,749
Principal repayment of mortgages, notes and similar indebtedness	2,506,351	2,015,191
Increase in investments	1,617,619	2,318,147
Increase in deferred charges	1,153,307	889,172
Increase (decrease) in accounts receivable	710,253	(3,623,804)
Land purchases net of mortgages assumed	372,988	1,477,920
Dividends	180,958	240,121
Purchase (sale) of short-term notes	98,000	(1,950,000)
Other changes in assets and liabilities	1,862,979	1,117,462
	<u>28,709,825</u>	<u>26,354,856</u>

Funds provided from operations — per share (note 18)	<u>\$.32</u>	<u>\$ 2.12</u>
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*The accompanying notes are an integral part of this statement
and should be read in conjunction therewith.*

Notes to Consolidated Financial Statements

for the year ended November 30, 1970

1. Principles of Consolidation

The consolidated financial statements include:

- (i) the accounts of all companies in which the parent company holds an interest of 51% or more;
- (ii) the companies' share of profits, losses and dividends of 50%-owned companies, joint ventures, partnerships and associate companies in which there is significant ownership.

The shareholders' equity attributable to the shares held by others is shown on the balance sheet and the statement of earnings and retained earnings as "Minority interest".

2. Accounts Receivable

Accounts receivable include:

	1970 \$	1969 \$
Due on sales of land	2,243,052	889,869
Due on sales of housing units	2,609,698	2,022,495
Due on industrial and commercial contracts	2,533,749	—
Due from Ontario Housing Corporation	1,248,627	2,852,000
Other	1,937,421	1,316,331
	<u>10,572,547</u>	<u>7,080,695</u>

Accounts receivable from sales of housing units generally represent remaining balances on sales and are receivable from mortgagees.

Amounts due on industrial and commercial contracts do not apply to 1969 since these items reflect the acquisition of control during 1970 of Bramalea General Contracting (Peel) Limited.

3. Housing Units

Housing units, at cost, at November 30, 1970 comprise:

	Construction Costs \$	Land (at cost) \$	Total 1970 \$	Total 1969 \$
Units completed and under construction:				
Under contract of sale	857,392	402,283	1,259,675	920,373
Not under contract of sale	8,353,708	4,652,804	13,006,512	2,847,075
	<u>9,211,100</u>	<u>5,055,087</u>	<u>14,266,187</u>	<u>3,767,448</u>

At November 30, 1970 mortgages, bearing average interest of 10%, totalling \$12,074,139 (1969 — \$861,426) were outstanding on housing units. As sales of units are made, the mortgage obligations will be liquidated.

4. Land and Improvements — Held for Sale

"Land and improvements — held for sale" is stated at cost in the accompanying consolidated balance sheet. The companies' policy is to include carrying charges, such as interest and real estate taxes which pertain to that land, as part of the cost of land and amortize them over sales of both industrial and residential land on an acreage basis.

Carrying charges included in the cost of land consist of:

	1970			1969
	Under Development	Undeveloped	Total	Total
	\$	\$	\$	\$
Balance—beginning of year	1,150,833	1,810,905	2,961,738	3,021,687
Capitalized during the year	328,901	372,990	701,891	565,123
	<u>1,479,734</u>	<u>2,183,895</u>	<u>3,663,629</u>	<u>3,586,810</u>
Less: Included in cost of sales	304,730	—	304,730	461,414
Included in other assets	63,032	—	63,032	163,658
	<u>367,762</u>	<u>—</u>	<u>367,762</u>	<u>625,072</u>
Balance—end of year	<u>1,111,972</u>	<u>2,183,895</u>	<u>3,295,867</u>	<u>2,961,738</u>

Development expenses include costs for water and sewage systems, roads, sidewalks and street lighting systems. Development expenses are allocated to the industrial and residential areas which benefit from the expenditure and are amortized over sales of such land.

5. Mortgages, Debentures and Notes Receivable

This amount includes:

	1970		1969
	Maturity Dates	Average Interest Rate	
			\$
Mortgages and notes receivable	1971 to 1993	7%	5,999,578
Ontario Housing Corporation debenture	1984	6 ⁷ / ₈ %	2,986,302
Mortgage receivable on a shopping centre	1998	Nil	1,500,000
Other mortgages and notes receivable	1990	Nil	569,946
			<u>11,055,826</u>
			<u>11,417,957</u>

6. Investments

This amount includes:

	1970	1969
	\$	\$
Investment in and advances to 50%-owned companies and associate companies in which there is significant ownership; equity basis	3,114,202	1,899,689
Advances to joint ventures and partnerships; equity basis	1,411,044	2,153,473
Investments without quoted value; cost	9,325	11,325
	<u>4,534,571</u>	<u>4,064,487</u>

The companies' portion of current year's earnings (including interest charged) from 50%-owned companies, joint ventures, partnerships and associate companies in which there is significant ownership amounted to \$329,563 (1969—\$141,157) and is included in income. Accumulated earnings, to November 30, 1970, net of distributions and dividends paid, amounted to \$180,535 (1969—\$373,146). Bramalea General Contracting (Peel) Limited, formerly a 50%-owned company, is now a subsidiary company. BBC Swansea, formerly a joint venture, is now included in the land development division of the Company.

7. Property and Equipment

These assets and related accumulated depreciation comprise:

	1970			1969
	Cost	Accumulated Depreciation	Net	Net
	\$	\$	\$	\$
Revenue-producing properties:				
Completed	8,717,933	501,950	8,215,983	7,366,039
Under construction	524,943	—	524,943	5,201,390
Other property and equipment	3,869,510	1,477,867	2,391,643	2,416,964
	<u>13,112,386</u>	<u>1,979,817</u>	<u>11,132,569</u>	<u>14,984,393</u>

8. Deferred Financing Costs

Deferred financing costs less amortization consist of:

- (i) the unamortized balance of the financing costs relative to the issuance of the 7½% Convertible Debentures amounting to \$200,305 (1969—\$211,537);

- (ii) the unamortized balance of the financing costs relative to the issuance of the 6½% Sinking Fund Debentures amounting to \$101,262 (1969—\$140,462). This balance is being amortized over the original term of the debentures which were due July 1, 1973. The remaining outstanding 6½% Sinking Fund Debentures were redeemed during 1968.

9. Security for Bank Indebtedness

The Company has assigned a mortgage receivable in the amount of \$2,824,000 as security for bank indebtedness.

The Company has assigned the annual payments of principal and interest on the 6⅞% debenture receivable from Ontario Housing Corporation (note 5) to a bank to be applied against bank indebtedness.

10. Income Taxes

Income taxes recoverable in respect of the current year's loss have been increased by \$1,469,062;

- (i) \$1,346,062 by claiming for tax purposes certain costs such as finance and interest charges which are capitalized for accounting purposes;
- (ii) \$123,000 by claiming depreciation for tax purposes in excess of amounts recorded in the accounts.

This reduction is applicable to those future years in which these amounts already claimed for tax purposes will be charged against income and accordingly is included in the balance sheet in "Deferred income taxes".

The recovery of prior year's income taxes has been reduced by an amount of \$157,000, which relates to income taxes deferred in years prior to recording deferred income taxes in the accounts and which became payable during the year. A balance of \$657,000 (1969—\$814,000) relating to taxes deferred in these prior years has not been provided for.

In addition, certain subsidiary companies sustained losses for which they were unable to obtain a recovery of taxes.

11. Mortgages, Notes and Similar Indebtedness

Mortgages, notes and similar indebtedness include:

		1970		1969
	Maturity Dates	Average Interest Rate	\$	\$
Mortgages on revenue-producing properties	1973 to 2066	8%	4,470,398	4,260,472
Mortgages and notes on land	1971 to 1985	7%	3,886,010	4,192,645
Other mortgages, notes and similar indebtedness	1971 to 1983	6%	1,929,150	1,542,035
Non-interest bearing note payable	1971 to 1972	Nil	1,138,401	1,506,961
Development levy owing to Township of Chinguacousy	1971 to 1974	Nil	570,000	1,053,000
			<u>11,993,959</u>	<u>12,555,113</u>

Principal repayments due in the next five fiscal years under the terms of these obligations are as follows:

	\$
1971	2,341,533
1972	1,397,523
1973	758,805
1974	1,018,312
1975	1,120,174

12. 7½% Convertible Debentures, Series A, due October 1, 1988

The Series A Debentures are secured by a Trust Indenture containing a first floating charge on the undertaking and all the property and assets of the Company. Under the Trust Indenture a Sinking Fund for retirement of the Series A Debentures is to be established into which the Company must pay before October 1st in each of the years 1979 to 1987, inclusive, an amount equal to 6⅔% of the aggregate principal amount of the Series A Debentures outstanding on September 30, 1978.

The Series A Debentures are redeemable in whole or in part subject to the following two restrictions:

- (i) the Series A Debentures may not be called for redemption in whole or in part prior to October 1, 1978, unless and until the principal amount of the Series A Debentures converted into shares of the capital of the Company and/or purchased for cancellation shall total \$11,400,000;

- (ii) the Series A Debentures may not be called for redemption (otherwise than out of Sinking Fund monies) in whole or in part prior to October 1, 1983, as part of, or in anticipation of, any refunding operation involving the incurring of indebtedness at an interest rate of less than 7½% per annum.

Each of the Series A Debentures is convertible up to September 30, 1978, or up to the last full business day preceding the date specified for redemption of such Debenture, whichever is the earlier, into fully-paid and non-assessable common shares by applying the principal amount of such Debenture to the purchase of such shares at a price of \$8 per share. The Trust Indenture provides for adjustment of the conversion price if additional common shares are issued for a consideration less than \$8.

13. Deferred Profits

Deferred profits less amortization, where applicable, consist of:

- (i) the unamortized profit on sale and leaseback transactions amounting to \$594,962 (1969—\$101,850). The profit is being amortized over the period of the leases. Minimum annual lease

payments due in each of the next five fiscal years are \$2,011,000.

- (ii) profits on sales of land and other assets amounting to \$982,453 (1969—\$1,017,660) were deferred and will be included in future years' earnings as sufficient cash is received.

14. Capital Stock

The Company's outstanding share capital consisted of 6,034,130 (1969—6,029,488) issued and fully-paid common shares at November 30, 1970.

During the year, 4,642 common shares of the Company were issued under exercise of warrants for \$8,861 cash.

Shares reserved (see note 20):

At November 30, 1970, the following shares were reserved for issue:

	1970	1969
Stock Options	218,650	368,650
Warrants	938,202	942,844
7½% Convertible Debentures Series A	1,483,500	1,483,500
	<u>2,640,352</u>	<u>2,794,994</u>

Stock Options:

During the year stock options for 150,000 shares lapsed.

The remaining outstanding options are exercisable at \$5.60 per share.

Expiry Date	Outstanding at November 30, 1969	Lapsed during the year	Outstanding at November 30, 1970
1973	9,900	—	9,900
1975	92,000	—	92,000
1978	116,750	—	116,750
1979	150,000	150,000	—
	<u>368,650</u>	<u>150,000</u>	<u>218,650</u>

Warrants:

There are 170,571 warrants outstanding entitling the bearer to purchase at any time to July 1, 1973 common shares of the Company. The number and cost of the shares are to be determined in accordance with the Warrant Agreement dated July 1, 1961. At November 30, 1970 the exercise price was \$1.82 (U.S. Funds) and 938,202 shares of the Company's common stock were reserved. During the year 844 warrants were exercised to purchase 4,642 shares for a consideration of \$8,861.

15. Net Earnings (Loss) for the Year and Per Share

- (a) Depreciation has been provided in the amount of \$620,218 (1969—\$469,013). Included in this amount is depreciation of revenue-producing properties of \$204,489 (1969—\$140,509).
- (b) Remuneration paid to the Company's directors and senior officers, including directors holding salaried employment, amounted to \$464,490 (1969—\$319,247).

(c) Earnings (loss) per share is based on the weighted monthly average number of shares outstanding during each year. Fully diluted loss per share for 1970, giving effect to further share issues under presently existing rights (note 14), is not provided as it reduces the 1970 net loss per share.

16. Dividend Restrictions

The Indenture under which the 7½% Convertible Debentures were issued provides that, so long as any Debentures are outstanding the Company will not

make any distribution which would have the effect of reducing consolidated retained earnings of the Company and its subsidiaries below \$1,000,000.

17. Pension Plan

A contributory funded pension plan is provided for eligible employees. Benefits are based on 2% of earnings for each year of membership in the plan. The Company

contributed \$24,427 during 1970 to meet the funding requirement of the plan. As at November 30, 1970 the plan was fully funded.

18. Consolidated Statement of Source and Use of Funds

Non-cash items included in the determination of net earnings (loss) consist of:

	1970	1969
	\$	\$
Depreciation and amortization	620,218	469,013
Land usage and related carrying charges and development expenses	2,196,033	14,300,809
Mortgages and accounts receivable taken back on land sales	(2,005,952)	(6,361,045)
Deferred income taxes	1,469,062	1,112,000
Deferred charges	566,488	575,939
Amortization of deferred financing costs	50,432	66,582
Other	(486,988)	215,719
	<u>2,409,293</u>	<u>10,379,017</u>

Certain 1969 figures have been reclassified to make them comparable with 1970. "Funds provided from operations—per share" is calculated using the weighted monthly average number of shares outstanding during each year.

19. Commitments and Contingent Liabilities

- (a) Under the terms of an agreement with the Township of Chinguacousy, the Company is obligated to pay for services installed by, or on behalf of, the Township in prior years. The balance of this obligation is approximately \$1,779,000 payable until 1997. Annual payments are charged to operating expenses as incurred. The payment for 1970 was approximately \$55,000. Since November 30, 1970 (to February 26, 1971) certain lands have been pledged as security for approximately \$690,000 of this obligation.
- (b) At November 30, 1970 the Company was obligated under long-term leases to pay an aggregate minimum annual rental of approximately \$158,700. The Company has no obligations under these leases beyond the year 1983. The minimum annual rental is in

addition to lease payments referred to in note 13.

- (c) The Company has commitments aggregating approximately \$800,000 on contracts let for land improvements, based on architects' and consulting engineers' estimated completion costs.
- (d) Under the terms of agreements with the Township of Chinguacousy, related to municipal taxes arising from the provision of industrial and commercial assessment, the Company has charged to income \$163,000 (1969—\$420,000). The Company may have to make similar charges in future years.
- (e) The companies have guaranteed bank and mortgage indebtedness in the amount of \$3,871,000 of certain 50%-owned companies, joint ventures and partnerships.
- (f) Under the terms of a mortgage agreement, the Company is obligated to advance a maximum of \$466,000 to a 50%-owned company by February 27, 1979.
- (g) The Company has guaranteed contract bonds to a maximum of \$11,000,000 on behalf of a subsidiary company (Bramalea General Contracting (Peel) Limited).
- (h) At November 30, 1970, the Company had options outstanding amounting to \$52,500 to purchase land for a maximum consideration of \$625,000 if certain zoning conditions are met. This land has since been purchased.
- (i) The companies are obligated to provide funds to a maximum of \$2,500,000 including mortgages, assumed by vendors, to complete land purchase agreements entered into by certain joint ventures and partnerships if certain zoning conditions are met.

20. Subsequent Events to February 26, 1971

- (a) The Company has pledged certain lands to the Township of Chinguacousy as a guarantee that services costing approximately \$5,000,000 will be provided for all lands currently under development in Bramalea.
- (b) The Company arranged a \$4,000,000 (U.S. Funds) mortgage on certain land and buildings in Bramalea, of which \$2,500,000 (U.S. Funds) has been advanced.
- (c) By agreements dated November 5, 1970 the Company has agreed to purchase 50% of the outstanding common shares of The Robert Hunt Company Limited and Robert Hunt Mill Work Corporation Limited. Consideration for the purchase of The Robert Hunt Company Limited shall be a maximum of 198,000 common shares of the Company and for Robert Hunt Mill Work Corporation Limited \$100,000. This purchase has not as yet been completed.



Bramblea Falls 1970



